(a) whether there is decline in the tobacco trade in the country especially in Andhra Pradesh and Karnataka; and

(b) if so, the steps proposed to allow direct foreign investment for developing and manufacturing of cigarettes in Andhra Pradesh to assist tobacco trade?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) There has been no perceptible declining trend in the volume of tobacco trade.

(b) Does not arise.

CAG's Report on Export

1839. SHRI J. CHITHARANJAN:
SHRI GURUDAS DAS GUPTA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that Comptroller and Auditor General (CAG) has said in its latest report that top exporters cornering bulk of advance licences issued by Directorate General of Foreign Trade (D.G.F.T.) have failed to fulfill their export obligation on advance licences;

(b) if so, the names and details of such defaulters; and

(c) the action taken, if any, against them?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) The Comptroller & Auditor General (CAG) of India has conducted a detailed examination of the advance licensing scheme in Chapter 2 of Report No. 10 of 1999, which has already been laid on the table of both the Houses of Parliament on 29th October, 1999.

(c) As per the laid down procedure, an Action Taken Note (ATN) has been prepared for vetting by the Audit authorities and submission to the Parliament.

Major Shift in FDI

1840. SHRI GURUDAS DAS GUPTA:
SHRI J. CHITHARANJAN:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that a major shift has been made in the foreign direct Investment policy of Government just before the current budget session; and

(b) If so, the salient features of the new liberalised FDI policy and objectives thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) and (b) Government, in its commitment towards economic reforms and in an effort to ensure foreign direct investment (FDI) inflow of US $ 10 billion per year, announced rationalisation and simplification in the procedures for FDI vide Department of Industrial Policy & Promotion's Press Note No. 2 (2000 series) dt. 11.2.2000, thereby placing all items/activities under the automatic route for Foreign Direct Investment (FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except the following:

1. All proposals that require an Industrial Licence which include (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951; (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and (iii) all items which require an Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.
2. All proposals in which the foreign collaborator has a previous venture/ tie-up in India. The modalities prescribed in Press Note No. 18 dated 14.12.1998 of 1998 series, shall apply in such cases.
3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.
4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route.

All proposals for investment in public sector units as also for EOU/EPZ/ EHTP/STP units would qualify for automatic route subject to above parameters.

Import of Wine

1841. SHRI PREM CHAND GUPTA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that import of wine is likely to be allowed through OGL route;